

LATE

HB 142

AIRLINES COMMITTEE OF HAWAII



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LATE

April 6, 2009

Honorable Donna Mercado Kim, Chair
Honorable Shan S. Tsutsui, Vice Chair
Senate Committee on Ways & Means

Re: HB 142, HD1, Relating to Intra-State Aviation – SUPPORT

Senate Committee on Ways and Means - Hawai'i State Capitol, Conference
Room 211, 9:30 AM, Monday, April 6, 2009

Aloha Chair Kim, Vice Chair Tsutsui and Members of the Committee:

The Airlines Committee of Hawaii*, which is made up of 21 signatory air carriers that underwrite the Hawaii State Airport System, supports HB 142, HD1, Relating to Intra-State Aviation.

This bill exempts the general excise and use taxes on fuel sold from a foreign-trade zone to common carriers for use in inter-island air transportation.

Under current statute, aviation fuel purchased in Hawaii's Foreign Trade Zone for use on flights originating in Hawaii and terminating outside of Hawaii is exempt from state excise tax. This exemption should be evenly applied to include all intrastate flights since all common use carriers, including Hawaii-based carriers, are regulated by the same federal laws that govern interstate commerce.

In closing, we respectfully urge your support for HB 142, HD1. As always, we are grateful for the opportunity to share our views with you.

**ACH members are Air Canada, Air New Zealand, Air Pacific, Alaska Airlines, All Nippon Airways, American Airlines, China Airlines, Continental Airlines, Delta Air Lines, Federal Express, go!, Hawaiian Airlines, Japan Airlines, Korean Air, Northwest Airlines, Philippine Airlines, Qantas Airways, United Airlines, United Parcel Service, US Airways, and Westjet.*

HB 1747 HD 1	TAXATION (increases income tax on high income earners)	Opposed See previous WAM testimony (March 19)	No technical comments	Gain of \$62.2 million per year for FY 2010 and FY 2011 and \$50.6 million per year for FY 2012 to FY 2016.	See previous WAM testimony (March 19)
HB 1739 HD 1	TAXATION (penalties and other admin amendments)	Support See previous WAM testimony on Proposed SD1 (March 24)	No technical comments	Gain of \$24.2 million in FY 2009-2010; \$25.3 million in FY 2010-2011; and \$26.4 million in FY 2011-2012.	
HB 142 HD 1	INTRA-STATE AVIATION FUEL (eliminates GET and use tax on FTZ sales)	Concerns	The Department opposes Section 1 because it is legally and factually inaccurate.	Assuming a current effective date, this legislation is estimated to result in a revenue loss of \$5 million per year.	
HB 1404 HD 1 SD 1	GENERAL EXCISE TAX (makes timeshare operator exemption permanent)	No position	No technical comments	If the exemption sunsets on December 31, 2009 as required by current law, an additional \$3.6 million per year would be collected.	

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